GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:91
ANSWERED ON:29.07.2005
LOAN TO SMALL SCALE INDUSTRY, RURAL AND URBAN SECTORS
Baxla Shri Joachim;Karunakaran Shri P.

Will the Minister of FINANCE be pleased to state:

(a) whether credit flow to rural sector is very slow;

(b) if so, the reasons therefor;

(c) the details of the loans/ advances given to the small scale industries, rural and urban sectors during the last three years, year-wise and the total figures as on date;

(d) whether loans given to rural sector are less in proportion to the deposits made by this sector in the Nationalised banks;

(e) if so, the reasons therefor; and

(f) the steps taken by the Government in this regard?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (f): A statement is laid on the Table of the House.

Statement placed on the Table of Lok Sabha in reply to Parts (a) to (f) of Starred Question No. 91 to be answered on 29th July, 2005 regarding `Loan to Small Scale Industry, Rural and Urban Sector` tabled by Shrf Joachim Baxla and Shri P, Karunakaran.

(a): No, Sir.

(b): Does not arise.

(c): The loans and advances given by the public sector banks to SSI, rural and urban sectors during the last three years are given below:-

(Amount in Rs. crore)

Year ending March	Loans to SSI Rural Sector	Loans to Urban Sector	Deposit from Rural Sector	% of Rural Sector loans to Deposit
2002	49743	35450	242784	83641 42.4
2003	52988	39590	277408	92263 42.9
2004	58278	43928	320322	101174 43.4
2005 (up to Dec. 2004)	67634	53054	392887	104741 50.7

Provisional

(d): Yes, Sir.

(e): The main reason for the low proportion of loans in relation to deposits in the rural sector is the concentration of business and industrial activities in urban and metropolitan areas.

(f): RB! had issued instructions to public sector banks in 1980 to achieve a credit deposit ratio (CD) of 60% in respect of rural and semi urban branches, separately. These instructions were reiterated in 1995. RBI has also advised the convenor banks to take up the issue in SLBC meetings for identifying measures for enhancing the CD ratio.